

11.08.2010 - 07:35 Uhr

## **EANS-Adhoc: freenet AG / freenet AG reports increase in earnings from core business for first half of 2010**

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6-month report

11.08.2010

freenet AG reports increase in earnings from core business for first half of 2010

- 1,644.3 million euros in Group revenue
- Recurring Group EBITDA reaches 173.2 million euros
- Recurring Mobile Communications EBITDA of 168.2 million euros
- Group result at 44.4 million euros
- 104.0 million euros cash flow from operating activities
- 696.1 million euros net debt

Büdelndorf, 11 August 2010 - freenet AG improved the profitability of its core business of mobile communications in the first half of 2010 despite difficult market conditions. First-half recurring EBITDA (earnings before interest, taxes and depreciation/amortisation) in the Mobile Communications segment - adjusted for one-off items - increased by 4.7 million euros year-on-year to 168.2 million euros. 92.1 million euros of this was generated in the second quarter of this year alone, against 91.9 million euros in Q2/2009.

In the first half of 2010 freenet AG generated Group third-party revenue amounting to 1.64 billion euros, down from 1.78 billion euros in the first half of 2009. The Mobile Communications segment contributed 1.60 billion euros, or more than 97 percent, to total segment revenue.

Group gross profit was down 3.4 percent compared to the first half of last year, from 374.0 million euros to 361.4 million euros, while freenet AG improved its gross profit margin by one percentage point year-on-year to 22 percent in the first half of 2010.

Group EBITDA for the first half of 2010 was 159.1 million euros - up 9.1 percent on the previous year's figure of 145.8 million euros. This includes restructuring-related one-off items totalling 14.1 million euros for the Group. Recurring Group EBITDA - adjusted for one-off items - came to 173.2 million euros for the first half of 2010, against 173.4 million euros for the first six months of 2009.

freenet AG increased its pre-tax earnings (EBT) year-on-year by 45.1 million euros to 38.6 million euros in the first half of 2010. The first six months of the prior year had generated a loss of 6.5 million euros.

The drivers behind the key figures in Mobile Communications are first, a 7.9 percent year-on-year decrease in mobile communications customers to 16.53 million at end of June 2010 and second, the stabilisation of contract customer ARPU (monthly average revenue per user) to 24.2 euros in the second quarter of 2010 vs. 24.3 euros in

Q2/2009.

The Group result from continued operations increased by 175.7 percent during the first half of 2010, to 44.0 million euros, vs. 16.0 million euros a year earlier. The Group result from discontinued operations amounted to 0.4 million euros for the first half of 2010 against -6.0 million euros in the first six months of 2009. This represents a net Group result of 44.4 million euros - an increase of 34.4 million euros year-on-year.

In the first six months of 2010, freenet AG generated 104.0 million euros in cash flow from operating activities and reduced its net debt by 93.7 million euros compared to year-end 2009, to currently 696.1 million euros.

| Important KPI's of freenet Group

| Accounting method: IAS/IFRS

| Overview Group                            | 1st half  | 1st half | Q2/2010 | Q1/2010   | Q2/2009 |  |
|---|-----------|----------|---------|-----------|---------|--|
|   | 2010      | 2009     |         | adjusted* |         |  |
|   | adjusted* |          |         |           |         |  |
| Result in EUR million                     |           |          |         |           |         |  |
| Third-party revenue                       | 1,644.3   | 1,779.8  | 838.2   | 806.1     | 891.8   |  |
| Gross profit                              | 361.4     | 374.0    | 195.5   | 165.9     | 188.1   |  |
| EBITDA                                    | 159.1     | 145.8    | 88.2    | 70.8      | 70.4    |  |
| EBITDA recurring                          | 173.2     | 173.4    | 95.0    | 78.2      | 93.3    |  |
| EBIT                                      | 62.6      | 43.0     | 39.3    | 23.3      | 19.5    |  |
| EBT                                       | 38.6      | -6.5     | 28.7    | 9.9       | 0.0     |  |
| Group result from continued operations    | 44.0      | 16.0     | 28.9    | 15.0      | 8.9     |  |
| Group result from discontinued operations | 0.4       | -6.0     | -5.3    | 5.7       | 0.5     |  |
| Group result                              | 44.4      | 10.0     | 23.6    | 20.8      | 9.4     |  |

| Overview Mobile Communications segment

|  | 1st half | 1st half | Q2/2010 | Q1/2010 | Q2/2009 |  |
|--|----------|----------|---------|---------|---------|--|
|  | 2010     | 2009     |         |         |         |  |

| Customer development in million

|  |       |       |       |       |       |  |
|--|-------|-------|-------|-------|-------|--|
| Mobile Communications customers                            | 16.53 | 17.95 | 16.53 | 17.15 | 17.95 |  |
| Thereof contract customers (excluding no-frills customers) | 6.60  | 7.26  | 6.60  | 6.84  | 7.26  |  |
| Thereof prepaid customers                                  | 8.08  | 9.43  | 8.08  | 8.50  | 9.43  |  |
| Thereof no-frills customers **                             | 1.85  | 1.25  | 1.85  | 1.81  | 1.25  |  |

| Result in EUR million

|                             |         |         |       |       |       |  |
|-----------------------------|---------|---------|-------|-------|-------|--|
| Revenue                     | 1,598.7 | 1,704.3 | 815.9 | 782.8 | 857.0 |  |
| Gross profit                | 333.3   | 340.9   | 182.1 | 151.2 | 171.5 |  |
| EBITDA                      | 155.5   | 137.5   | 85.9  | 69.6  | 70.6  |  |
| EBITDA-adjusted / recurring | 168.2   | 163.6   | 92.1  | 76.1  | 91.9  |  |
| EBIT                        | 65.2    | 43.3    | 40.2  | 25.0  | 23.9  |  |
| EBIT-adjusted / recurring   | 77.9    | 69.4    | 46.3  | 31.6  | 45.2  |  |

| Monthly average revenue per user (ARPU) in EUR

|   |      |      |      |      |      |  |
|---|------|------|------|------|------|--|
| Contract customer (excluding no-frills) | 23.5 | 24.1 | 24.2 | 22.8 | 24.3 |  |
| Prepaid customer                        | 3.0  | 2.9  | 3.1  | 2.9  | 3.1  |  |
| No-frills customer**                    | 4.8  | 5.6  | 5.1  | 4.5  | 5.9  |  |

\* The comparison figures have been adjusted retrospectively due to IFRS 5 (presentation of the STRATO Group as a discontinued operation). In addition, another retrospective adjustment was made

with regard to including the DSL distribution unit in the discontinued operation "DSL Business". \*\* Starting in Q1/2010 including no-frills-prepaid.

end of announcement

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Index: Midcap Market Index, TecDAX, CDAX, HDAX, Prime All Share, Technology All Share  
Börsen: Frankfurt / regulated dealing/prime standard  
Berlin / free trade  
Hamburg / free trade  
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